

**Iowa Telecommunications & Technology Commission
Grimes State Office Building, 1st Floor
400 E. 14th Street, Des Moines, IA 50319**

FINAL

March 15, 2012

To ensure the most efficient use of State resources, the March 15, 2012, ITTC meeting had some conference calls pursuant to Iowa Code section 21.8. Conference calls ensure more Commissioners are able to participate in the meeting and reduce the risk of delays caused by weather or other impediments to travel. The meeting was accessible to members of the public through attendance at the Grimes State Office Building.

Commissioners Present

Betsy Brandsgard, Chairperson (via teleconference)
Richard Bruner, Member (On-site)
Shannon Cofield, Member (On-site)
Robert R. Hardman, Member (via teleconference)
David A. Vaudt, Ex-Officio Member (via teleconference)

Absent Commissioners

Tim Lapointe, Member

Iowa Communications Network Staff Present:

Dave Lingren, Executive Director
Joseph Cassis, Chief Communications Officer
Will Walling, Network Operations and Engineering Director
Phil Groner, Business Services Manager
Mark Johnson, Administration Director
Jontell Harris, Information Specialist 1
Tami Fujinaka, Government Relations Officer
Patricia Townsend, Finance
Lori Larsen, Public Information Officer
Alexis Slade, Executive Secretary (Recorder/Minutes)
Christopher Hannan, Intern

Guests:

Meghan Gavin, Attorney General's Office
Rachel Gillum, Attorney General's Office
Joe Coon, Mississippi Bend Area Education Agency 9
Joe Hrdlicka, Iowa Telecommunications Association

Call to Order

Commissioner Brandsgard called the meeting to order at 10:02 am. It was noted that a quorum of members was present for the meeting.

Approval of the 01/19/12 and 2/22/12 Meeting Minutes

Commissioner Bruner moved to approve the January 19, 2012 and February 22, 2012, meeting minutes;
Commissioner Hardman seconded the motion: A roll call vote was taken. Minutes approved unanimously.

Commissioner Bruner – Yes
Commissioner Cofield– Yes
Commissioner Hardman – Yes
Commissioner Brandsgard – Yes

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Minutes approved at the May 17, 2012, ITTC Meeting

Old Business

BTOP Grant Update – Dave Lingren

Typically ICN has approximately 50 data orders that need processing in one month. The BTOP project requires that an additional 118 orders a month be completed and ICN is completing these orders above the targeted 118 orders.

The BTOP project is scheduled to be concluded by June 30, 2013. Presently ICN is in the stage of constructing new connections facilities. As those projects are completed and higher bandwidth is added by users, there will be a positive impact to ICN's revenue.

ITA Legislative Committee Presentation – Dave Lingren

At the Iowa Telecommunications Association Committee meeting ICN discussed partnership efforts and concerns regarding the purchase of the ICN.

Value Proposition of ICN Update (ICN 2.0) – Dave Lingren

The Executive Director has constructed a paper with the value proposition of ICN 2.0, which is hinged upon a private/public partnership. The paper will be sent via email to the Commissioners before ICN goes any further with the concept. The concept of the paper is to communicate to legislators, the public, users and to the private sector the value ICN represents to everyone. ICN is not antiquated; the network right now with its capacities and abilities to deliver bandwidth is one of the finest around and most robust. It is not a network meant to threaten the industry but built to serve the end users. Within this paper there's a concept on how the private sector could help ICN build upon ICN's robust technology and bandwidth and serve the user with services and products that aren't even thought of today. The paper dispels a lot of the myths about the ICN that are out there. ICN won't publicly release this paper because its intent is not to be a published document. The paper is all inclusive but it will stay with the Commission and ICN staff to use for marketing.

New Business:

Financial Updates – Patricia Townsend

OVERALL

The February 2012 budget to actual report shows that ICN currently has a net cash from operations of \$1,635,954 and \$884,183 net cash after equipment expenditures.

PRODUCT LINES

VIDEO SERVICES

Revenue is 12.23 percent below budget with the video hours being below what was budgeted by 9,166 hours.

VOICE SERVICES

ICN had projected that the voice revenue would be slightly lower than Fiscal Year (FY) 2011, but it's even lower than what was expected with being 6.25 percent below budget. Year-to-date, revenue is 7.61 percent lower than in FY2011.

DATA SERVICES

Date revenues are 2.72 percent above budget. Revenues are usually a little higher than that but with data rates being lowered as of January 2012, ICN's data trend started to fall. Finance will track the rate change to see how

that will affect revenue in the future. Ethernet services dropped \$32,736.61 in February 2012 due to a delay in Universal Services Funds (USAC) approval for some customers. ICN will eventually receive those funds.

INSTALLATION REVENUES

Finance is in the process of reviewing this because revenues are \$55,210.17 below expenses. There will be more information provided to the Commissioners during the next review of ICN financials.

INDIRECT and G & A EXPENSES

Overall maintenance is 9.89 percent below budget when excluding the amounts of \$758,331.00 and \$100,000.00 for ATM and accounts payable paperless application, respectively. The ATM contract has not been renewed and accounts payable paperless will not be purchased in FY2012.

System repairs (covers generators and line side repairs) are 38.51 percent over budget. Finance is reviewing this because it is much higher than expected. Overall operating expenses are 15.77 percent below budget.

EQUIPMENT and EQUIPMENT APPROPRIATION

The approved projects expense for equipment was \$121,537 for February 2012 giving ICN a yearly total of \$751,771.

There was \$899,814.06 in equipment expenditures from the State Generator Appropriation in February 2012. The entire amount is for the generator replacement project.

BTOP

ICN has realized program revenue of about \$11,000 so far which is expected to increase as BTOP sites are turned up. Through January 2012, the ICN has expended \$8,228,390.23 in combined cash match and federal grant money as well as \$1,446,579.24 towards project management and other project related items outside of the grant commitment. For the month of February 2012, the ICN has received \$69,732.17 to purchase BTOP related equipment for a total of \$7,711,028.89 since the beginning of the grant period.

IHIN Compensation Revenue

The ICN is amortizing monthly cash received for long term IRU commitments with Iowa Health Systems. Generally Accepted Accounting Principles require that the revenue related to these IRU leases be amortized over the life of the lease.

Iowa Rural Health Telecommunications Project (IRHTP)

The revenues for services to members of the IRHTP network continues to increase as additional members of the network connect and turn up services. For February 2012, the ICN had Ethernet and Internet revenues of \$55,608.49 bringing the total for the year to \$400,489.85.

Discussion:

Finance is conducting an analysis of ICN's cell phone expenses and professional fees for the management team's review. The FY 13 budget is currently in the preliminary stages but will be reviewed by the management team in April 2012, and submitted to the ITTC in May 2012.

Legislative Session Updates – Dave Lingren/Mark Johnson

State Senate Bill 3181- Equipment Appropriation and Independent Audit (Sale/Lease RFP):

This bill is currently on the senate calendar and contains the equipment appropriation for \$2.2million and the part 3 lease payments that go to the Department of Education (DOE) for \$2.7 million. There's also language that's been added that would require the ICN conduct a comprehensive audit of network equipment with a \$500,000 allowance to have that completed.

Senate File 2313- Regional Telecommunications Committee (RTC) Appropriation (Allocation Process): This was voted out of the senate and moved over to the house. SF 2313 contains the RTC funding for over \$900,000. These funds would be a pass through that would come to the ICN and then distributed out to RTC participants. Currently this appropriation is in the house version.

RTC Appropriation (Allocation Process) – Tami Fujinaka

Appropriations previously made to IPTV for allocation to the Community College Regions to provide classroom, scheduling and Local Area Network Support for K-12 schools and other educational entities in their region, is being moved to the ITTC for allocation. ICN is currently developing a process proposal that will be available for the Commission's review in May 2012.

Employee and Customer Surveys – Tami Fujinaka

An invitation will be sent to ICN staff to participate in an employee survey. The survey will focus on job satisfaction and will include questions regarding employee concerns with job security due to budget constraints and the Sale/Lease RFP process. Management is also looking into making changes to the current cell phone policy, telework, and flexible work week scheduling. Questions will be included to measure employee satisfaction with these programs. ICN is using an anonymous web based tool that has been used for several years named SurveyMonkey. The opportunity for employees to participate in the survey will close on March 29, 2012. The results of the employee survey will be reported to the Commission at the May 2012, meeting.

ICN is in the process of finalizing a customer mailing list and will begin meeting with ICN management from various functional areas to determine what information will be useful to them in the upcoming year and develop the questions to provide that information. There are questions in the survey that will help ICN gather information to meet requirements for the Accountable Government Act. ICN plans to send out invitations to participate in the customer survey in mid-April 2012, and have the analysis completed for the Commission to review at the July 19, 2012, meeting.

Video Service Project Update – Phil Groner

ICN continues to work with the early adopters of this project. The customer service team has completed a second FAQ that will be published on ICN's website and distributed to customers. The next major milestone will be the limited market offering which is scheduled for May 1, 2012. ICN will make it available, on a case-by-case basis, for customers to be involved in to the new IP platform.

Q. Can a demonstration of this platform be provided to Commissioners? There's a variety of people who are interested in seeing what this system is like.

A. Yes, ICN can schedule a demonstration during one of the upcoming meetings. An expectation and a possibility of this product would be to deploy this product to the Commissioners so they do not have to travel to one of the current MPEG sites, but instead would be able to participate in the ITTC meetings from home or their office.

Waiver Approval – Action – Phil Groner

ICN has two Long Distance voice service waiver requests.

1. Hawkeye Community College
2. Grant Wood Area Education Agency (AEA)

ICN has one Internet waiver request.

1. Indian Hills Community College

Discussion:

Both long distance waivers are based on the need for the customers to have outbound caller identification for long distance in which ICN's current platform does not offer. These two waivers are renewals of existing waivers.

Commissioner Cofield moved to approve the Hawkeye Community College and Grant Wood AEA long distance waivers; Commissioner Hardman seconded the motion: A roll call vote was taken. The waiver request was approved unanimously.

Commissioner Bruner – Yes
Commissioner Cofield– Yes
Commissioner Hardman – Yes
Commissioner Brandsgard – Yes

Commissioner Bruner moved to approve the Indian Hills Community College Internet waiver; Commissioner Cofield seconded the motion: A roll call vote was taken. The waiver request was approved unanimously.

Commissioner Bruner – Yes
Commissioner Cofield– Yes
Commissioner Hardman – Yes
Commissioner Brandsgard – Yes

Other Business

K-12 Connections – Tami Fujinaka

The current usage is 800 hours ahead of the usage hours during this time last year. IPTV has a strong schedule lined up for the remaining months of this fiscal year with strong marketing support that should result in a much higher number of hours than the previous fiscal year.

Telework Pilot Program – Dave Lingren

ICN management is looking into implementing a telework program for the ICN. The primary purpose for this program would be to assist with the continuation of business plan in case of emergency or disaster. Typically agencies lease space that sits empty waiting for an emergency to occur so staff can operate out of that space if the current office space is not available. If ICN employees have the capability to work from home and have the discipline and skill sets to do that, should there ever be a need to have a continuation of business in our current location, ICN can continue to operate. The second reason for a telework program is to provide flexibility to employees.

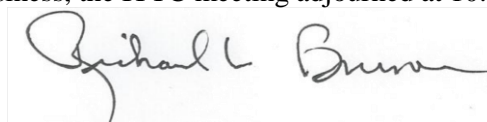
Long Distance ID – Will Walling

The ICN receives a lot of waivers for long distance because our system does not currently provide caller identification when customers are making long distance calls. There's a signaling system attached to ICN's switch that goes to the long distance carrier that would enable customers to have the caller identification feature. ICN is in the process of making that happen and one of the carriers we'll be doing that with is Windstream. The plan is to have this completed within a couple months.

Adjournment

Commissioner Cofield moved that the meeting be adjourned; Commissioner Bruner seconded the motion: With there being no further business, the ITTC meeting adjourned at 10:51 am.

ATTESTED TO:



Richard L. Bruner, Chair, Iowa Telecommunications and Technology Commission